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## Telcordia's Softswitch Timebomb

The legal teams of the world's softswitch vendors are about to earn their money. [Telcordia Technologies Inc.](#) says it's been awarded a softswitch architecture patent that could enable it to claim back-dated license fee payments from the world's VOIP system vendors (see [Telcordia Claims Softswitch Patent](#)).

Telcordia says it has been awarded a U.S. patent for "its method and system for media connectivity over a packet-based network" that, it says, is "critical to the delivery of Voice over Internet Protocol (VoIP)."

It says the patent, which "addresses methods associated with the origination and termination of packet-based media connections inherent to today's evolving telecommunications networks," covers not only VOIP, but voice over ATM, video conferencing, data transfer, and video downloads.

The company says the patent stems from developments covered by a patent claim it filed seven years ago. A Telcordia spokeswoman says the firm filed for a provisional patent in December 1997 and filed the complete patent application a year later, within the set timescale allowed by the patent office.

In an email response to questions, she says the "patent embodies 12 claims that relate to core architectural aspects of softswitch systems," and that Telcordia is "analyzing the patent to determine its applicability to existing products."

Once it has done this, it will decide whether to ask softswitch vendors to pay back-dated license fees for their existing systems.

Telcordia's press release notes that the patent and the "associated intellectual property" are "available immediately" for purchase or licensing. The spokeswoman says softswitch vendors are "best situated to understand whether their products might require a license to the patent."

And what would a license cost? Telcordia won't commit to any sort of price range, saying just that each one would be different, "to meet a particular licensee's needs."

None of this news can make easy reading for the growing list of companies marketing their softswitches to the world's network operators as the VOIP craze sweeps the globe. Perhaps unsurprisingly, given the rather sensitive nature of Telcordia's claim, the vendors we contacted for feedback declined to comment. [Sonus Networks Inc.](#) (Nasdaq: [SONSE](#)) considered commenting but then thought better of it, while [Marconi Corp. plc](#) (Nasdaq: [MRCY](#); London: [MONI](#)), which has had its softswitch chosen for a high-profile [BT Group plc](#) (NYSE: [BTY](#); London: [BTA](#)) trial, said it was a matter for its intellectual property team and lawyers (see [Marconi Softswitches With BT](#)). [Nortel Networks Ltd.](#) (NYSE/Toronto: [NT](#)) failed to respond to requests for comment.

Those firms are just a few of the major names pushing the softswitch story to carriers just now. Other leading suppliers include [Alcatel SA](#) (NYSE: [ALA](#); Paris: [CGEP:PA](#)), [Cisco Systems Inc.](#) (Nasdaq: [CSCO](#)), [LM Ericsson](#) (Nasdaq: [ERICY](#)), [Lucent Technologies Inc.](#) (NYSE: [LU](#)), and [Siemens AG](#) (NYSE: [SI](#); Frankfurt: [SIE](#)), all of which already shell out millions of dollars to Telcordia to put their telecom systems through the Osmine process (see [Will RBOCs Undermine Osmine?](#) and [Telcordia's Osmine Gold Mine](#)).

What's behind the sudden move? It's simple: Telcordia is looking to boost its flagging revenues — down from \$1.44 billion in fiscal 2002 to \$892 million in 2004 — by any means.

And [Current Analysis](#) senior analyst Joe McGarvey says Telcordia's "primary goal is to recoup the investment the company has made in developing softswitch technology, a figure that [Telcordia] officials say is in the hundreds of millions of dollars range."

So will the company be asking other vendors to cough up? "It's established that the company has a legal right to collect licensing fees from some softswitch vendors. I imagine that Telcordia will recoup as much of its investment as it can."

But McGarvey believes the software giant will consider the impact of any such move. "It's certainly not beneficial to Telcordia to use the patent to impose any sort of financial constraints on the development of the softswitch industry. If Telcordia does have any legal claim, I'm sure the company will balance the potential financial gain with the need not to restrict further advancement of the technology or the development of the industry."

— Ray Le Maistre, International Editor, [Boardwatch](#)

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